

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
P.O. BOX 942732
SACRAMENTO, CA 94234-7320
(916) 657-2941

February 20, 2002



MEDI-CAL ELIGIBILITY PROCEDURES MANUAL LETTER NO.: 261

TO: All Holders of the Medi-Cal Eligibility Procedures Manual

ARTICLE 22C-2-DETERMINING SUBSTANTIAL GAINFUL ACTIVITY (SGA)

Enclosed is an update to Article 22C-2 regarding a change in the SGA amount. This section was updated reflecting that change.

Effective January 1, 2002, the new SGA amount for individuals with medical impairments other than blindness has been increased to \$780. The Social Security Administration published final regulations in the Federal Register that require annual adjustments to the SGA amount to be based on the federal average wage index.

As a reminder, since future adjustments to the SGA amount will most likely occur annually, the new SGA amount will only be stated on this page and pages 22C-2.1 and 22C-2.2 in the Manual. All other reference to the SGA amount will only state "Current SGA Amount" and no dollar figure will be indicated. County staff will insert the current amount for the year as appropriate.

Filing Instructions:

Remove Pages:

Article 22
Table of Contents
Entire Table of Contents

Article 22
Pages 22C-2.1 and 22C-2.2

Insert Pages:

Article 22
Table of Contents
Pages TC-1 through TC-4

Article 22
Pages 22C-2.1 and 22C-2.2

Any questions pertaining to the above information should be directed to Mr. Terry Durham, at (916) 657-2701.

Sincerely,

Original signed by

Richard Brantingham
Acting Chief
Medi-Cal Eligibility Branch

Enclosures





MEDI-CAL ELIGIBILITY PROCEDURES MANUAL

Article 22 **DISABILITY DETERMINATION REFERRALS**

22A **INTRODUCTION TO THE DISABILITY PROGRAM**

1. **Federal Disability Requirements**
 - A. **Adults**
 - B. **Children**
 - C. **SSA Definitions**
2. **State Disability Requirements**
3. **Other Disability Programs**

22B **AGENCIES INVOLVED IN THE DISABILITY EVALUATION PROCESS**

1. **Social Security Administration (SSA) and Federal Programs-Disability and Adult Programs Division (FP-DAPD)**
2. **Centers for Medicare and Medicaid Services (CMS)**
4. **State Department of Health Services (DHS)**
5. **State Programs-(SP-DAPD)**
6. **County Welfare Department (CWD)**

22C **COUNTY WELFARE DEPARTMENT PROCEDURES**

22 C-1 **REFERRING DISABILITY APPLICATIONS TO SSA OR SP-DAPD**

1. **Background**
2. **Federal Disability Evaluation by SSA**
3. **State Disability Evaluation By SP-DAPD for Medi-Cal**

22 C-2 **DETERMINING SUBSTANTIAL GAINFUL ACTIVITY**

1. **Background**
2. **The Current SGA Amount**
3. **When To Use These Procedures**
4. **Procedures**
 - A. **SGA Determinations**
 - B. **Impairment-Related Work Expenses**
 - C. **Subsidies**
 - D. **Notice of Action**
 - E. **Forms**

MEDI-CAL ELIGIBILITY PROCEDURES MANUAL

22 C-3 DETERMINING PRESUMPTIVE DISABILITY (PD)

1. Background
2. Responsibilities of CWD and SP-DAPD
 - A. CWD
 - B. SP-DAPD
 - C. PD In Urgent Case Situations
 - D. Reminders
3. PD Categories
4. Instructions For CWD To Grant PD For HIV Infections
 - A. Forms
 - B. Handling of Forms
 - C. Signature On Form
 - D. Client Has A Medical Source
 - E. Evaluating The Completed DHS 7035A (Adult) Form
 - F. Evaluating The Completed DHS 7035 C (Child) Form
 - G. Granting PD
 - H. Exhibits

22C-4 COMPLETING DISABILITY EVALUATION FORMS

1. MC 017/MC 017 (SP) – WHAT YOU SHOULD KNOW ABOUT YOUR MEDI-CAL DISABILITY APPLICATION
2. MC 179/MC 179 (SP) - 90-DAYS STATUS LETTER
3. MC 220 - AUTHORIZATION FOR RELEASE OF MEDICAL INFORMATION
4. MC 221 - DISABILITY DETERMINATION AND TRANSMITTAL
5. MC 222 LA/MC 222 OAK - DAPD PENDING INFORMATION UPDATE
6. MC 223/MC 223 (SP) - SUPPLEMENTAL STATEMENT OF FACTS FOR MEDI-CAL
7. MC 239 SD - MEDI-CAL NOTICE OF ACTION - DENIAL OF BENEFITS DUE TO A FEDERAL SOCIAL SECURITY DISABILITY DETERMINATION
8. MC INFORMATION NOTICE 13 - IMPORTANT INFORMATION REGARDING YOUR APPEAL RIGHTS
9. MC 272 - SGA WORKSHEET
10. MC 273/MC 273 (SP) - WORK ACTIVITY REPORT
11. MC 4033 - UPDATE TO DISABILITY LIAISON LISTS

MEDI-CAL ELIGIBILITY PROCEDURES MANUAL

- 12. DHS 7035A/DHS 7035C - MEDICAL REPORT ON ADULT/CHILD ALLEGATION OF HIV
- 13. DHS 7045 - WORKER OBSERVATIONS DISABILITY
- 22 C-5 - PROVIDING CWD WORKER OBSERVATIONS
 - 1. Use of MC 221 or DHS 7045
 - 2. Use of Worker Observations by SP-DAPD
 - 3. Guidelines
- 22 C-6 - ASSEMBLING AND SENDING SP-DAPD PACKETS
 - 1. PREPARING THE PACKET
 - A. Limited Referral
 - B. Full Referral
 - C. Packet Information For Retroactive Medi-Cal
 - D. Referrals For Disabled Former SSI/SSP Recipients
 - E. The Railroad Retirement Board (RRB) Packet Referral
 - 2. SENDING THE PACKET
- 22 C-7 - COMMUNICATING WITH SP-DAPD (FORMERLY SP-DED) AND DHS ABOUT CHANGES AND STATUS
 - 1. NOTIFYING SP-DAPD ABOUT CHANGES
 - A. MC 222 LA/MC 222 OAK – DED Pending Information Update Form
 - B. Type Of Changes To Report To SP-DAPD
 - C. SP-DAPD Addresses
 - D. MC 4033 – Disability Listings Update Form
 - 2. RECEIVING AND REQUESTING CASE STATUS INFORMATION FROM SP-DAPD
 - A. Quarterly Computer Status List
 - B. Use of Disability Listings Update Form (MC 4033)
 - C. Questions And Inquiries On Specific Cases
 - 3. CONTACTING THE STATE DEPARTMENT OF HEALTH SERVICES (DHS)
 - A. Problems With Case Status Information
 - B. Problems With Disability Referral Policies and Procedures
 - C. Consistently Delayed Decisions
 - D. Updating The MEPM Disability Procedures

MEDI-CAL ELIGIBILITY PROCEDURES MANUAL

22 C-8 PROCESSING SP-DAPD DECISIONS

1. Disabled
2. Not Disabled
3. No Determination Decisions

22 C-9 PROCESSING REEXAMINATIONS, REDETERMINATIONS AND REEVALUATIONS

1. Background
2. Procedures
 - A. Reexamination
 - B. Redeterminations
 - C. Reevaluations

22D DISABILITY AND ADULT PROGRAMS DIVISION (DAPD)PROCEDURES

1. Background
2. Two Components of DAPD
3. Intake
4. Case processing

MEDI-CAL ELIGIBILITY PROCEDURES MANUAL

22 C-2 -- DETERMINING SUBSTANTIAL GAINFUL ACTIVITY

1. BACKGROUND

Section 435.540 of the Code of Federal Regulations (42 CFR) requires Medi-Cal to use the Supplemental Security Income (SSI) definition of disability to decide if a client is eligible for Medi-Cal disability.

To be considered disabled, SSI requires that an individual be:

"unable to engage in **Substantial Gainful Activity (SGA)**, due to a medically determined physical or mental impairment, which is expected to result in death, or which is expected to last for a continuous period of 12 months".

A client who performs SGA is not disabled, even if a severe physical or mental impairment exists.

2. THE CURRENT SGA AMOUNT

Since the SGA amount is now based on the federal average wage index, the dollar amount may be adjusted annually.

- Using the new formula, the SGA amount has increased to **\$780** per month effective January 1, 2002.

NOTE: Since the SGA amount may change annually, future revisions to the manual regarding the actual SGA amount will only be reflected in this section. All other reference to the SGA amount will only state "Current SGA Amount" and no dollar figure will be noted.

3. WHEN TO USE THESE PROCEDURES

These procedures will be used when a client:

- files for Medi-Cal disability, states on the MC 223 that he or she is working, and has gross earnings of more than the current SGA amount per month, or
- meets the criteria for Presumptive Disability (PD), but earns over the current SGA amount per month. PD should not be approved until an SGA determination is made.

NOTE: These procedures **do not** apply to clients who are blind or to beneficiaries who return to work after disability has been approved. If an SGA evaluation was not performed because the client alleged blindness, and State Program – Disability and Adult Programs Division (SP-DAPD) found that the client was disabled but not blind, an SGA evaluation must be performed before eligibility as a disabled person can be established.

MEDI-CAL ELIGIBILITY PROCEDURES MANUAL

4. PROCEDURES

A. SGA DETERMINATIONS

The EW shall determine whether client is performing SGA when client has earned income of over the current SGA amount per month. The EW shall:

1. Obtain: Client's gross monthly earnings (if irregular, earnings should be averaged.) Earnings derived from In-Home Supportive Services are treated as earned income.
2. Determine: Whether there are impairment-related work expenses (IRWEs) or subsidies that can reduce earnings below the SGA amount. (A discussion of IRWEs and subsidies follows.)
3. Deny: If disability "net countable earnings" are over the current SGA amount.
4. Submit: A full disability packet to SP-DAPD, including an MC 220, MC 221, and MC 223, only if "net countable earnings" are at the current SGA amount or less.
5. Alert: SP-DAPD via a DAPD Pending Information Update Form (MC 222) when a disability packet was sent to SP-DAPD and client is subsequently found to be engaging in SGA. SP-DAPD will stop case development and return case to the county of origin.

Work Activity Report form (MC 273, Exhibit 2) should be provided to client whose earnings are over the current SGA amount to help in making SGA determinations.

B. IMPAIRMENT-RELATED WORK EXPENSES

Impairment-related work expenses (IRWEs) are certain expenses which are incurred and paid by an impaired client to enable him/her to work.

1. SGA Determination

IRWEs can be deducted from gross earnings to arrive at "net countable earnings".

If "net countable earnings" are over current the SGA amount, deny the application. For self-employment, IRWEs can be deducted from net income, if not already deducted from gross income as a business expense.

Example: The current SGA amount is \$780, and the client earns \$1,100 per month and has \$200 worth of IRWEs for special transportation costs to go to work, and for medications needed to control a seizure condition. In this example the "net countable earnings" are \$900 per month." As "net countable earnings" (\$900) are more than the "current SGA amount", the client is performing SGA and the applications is denied.